



E-Update: July/August 2011

This month Robert Bradley looks at how HM Revenue & Customs are getting tough on taxpayers

Dear Colleagues.

You are receiving this newsletter as a client or business contact of Bradley & Associates. Should you no longer wish to receive it at this Email address please follow the link below or email me your preferred address so that I can continue to keep you updated. This month looks at the current strategies being used by H M Revenue & Customs.

The Internet "Web Robot" approach

HMRC are targeting traders who aren't registered with them through the use of its so-called internet spy. This is a web robot which searches out traders who aren't registered so that HMRC can decide what action to take against them.

Most businesses consider an internet presence essential to their trade. The Taxman has latched on to this and intends to search them out and extract information about them, such as names, addresses, and HMRC claims, much more. The information collected will first be compared with HMRC's database of registered businesses. Newly formed companies and unincorporated businesses are at risk of a challenge from the Taxman if they haven't registered with him within the appropriate time limits.

Although initially aimed at businesses that haven't registered, HMRC claims that its existing "Connect" program will correlate the information picked up by the web robots, compare it to individual tax records and highlight anomalies, such as undeclared bank interest or rental income. If you receive a communication from HMRC regarding an undeclared source of income its best to reply as soon as possible to prevent HMRC taking further action.

Tax debt - a new approach

Record numbers of businesses and their owners are falling behind with their tax payments. Some commentators think that HMRC now adopt a universal approach with all debts in terms of categorising taxpayers in arrears to those that "can't pay" or "won't" pay. Those that can't pay will be given time to pay by deferred payments.

HMRC will, on the other hand, be more likely to take action against those that "won't pay". If you know you are going to be unable to pay any tax liability on time you should always contact HMRC before the due date. This should give you a better chance of being able to negotiate a schedule of deferred payments.

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